



Revenue-Business License

BUSINESS TAX TIPS

December 2004 Newsletter

NEW ITEMS

Standard Industrial Codes. Next year, you may notice a change in the description of your business activity when a new license is printed. This is because we are reviewing the use of SICs and may be changing them as needed.

Preparing Tax Returns. Please use either black or blue ink when filling in the information on your tax return. We need to store tax items electronically, so this will enable us to reproduce a clear copy, if needed. Do not use pencil to prepare your tax return.

On-Line Banking. The problem with using on-line banking to pay your Business Privilege or Occupational taxes is that the check is delivered to the Collections Section without the Tax Return or Occupational Billing. This causes a delay in your payment being posted to your account for two reasons; 1) the Collections Section does not know what the payment is for – water bill, sign code, taxes and 2) the Collections Section cannot process a tax payment without the tax return or billing. However, if you reference on your check that it is for Business Privilege or Occupational taxes and include your license number, then we can start searching for your tax return sooner and hopefully match the two together and get them processed. Make sure that the check generated by your on-line banking system is addressed to Post Office Box 27320. Make sure that you send your tax return or Occupational billing to the same address.

New Alarm Company Ordinance. Recently, the Mayor and Council adopted Ordinance 9975 which goes into effect on January 1, 2005. In order to continue to operate as an Alarm company, you will need to obtain a license by that date.

New Peddler Ordinance. Recently, the Mayor and Council adopted Ordinance 10041. In order to continue to operate as a Peddler, you will need to obtain a new Peddler License before April 1, 2005. Current Peddler Licenses will be cancelled on March 31, 2005. You need to go to the Zoning Division of Development Services Department to begin your Peddler License approval process. Once Zoning has approved your application, you may proceed to Business License for the issuance of your new Peddler License.

REMINDERS

Computer Generated Tax Returns must be an exact match to the forms generated by the City of Tucson for your business activity. They must be pre-approved. The Business's name and location must be on the form. **We have blank forms out on our Internet site at:** <http://www.ci.tucson.az.us/finance/Businfo.html>

Amended Returns need to include an explanation of why you are amending your tax return along with supporting documentation to back up either the additional tax due or the claimed credit.

Refund/Credit Requests must be in writing. Please include with your request, a written explanation for the credit or refund being requested, the amount of the credit or refund, and provide sufficient documentation for the months that are being amended. Otherwise, it may be delayed or denied. No credit or refund will be allowed without a written statement that the customer has been or will be given a refund or credit within sixty (60) days the refund or credit is granted by the city.

Note: Subcontractors who are requesting a refund or credit for

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taxes they paid that should have been subcontracting, must submit a written declaration from the licensed owner builder who is liable for the tax. Please provide the name, address, and phone number of the person to be contacted in the event additional information is needed.

Credits must be approved before being used.

Delivery/Freight Charges for delivery at the time of transfer of tangible personal property to the buyer are exempt from gross sales, provided that they are separately billed to the customer and separately maintained in the business's books and records. Freight charges for delivery of merchandise to the business is a cost of doing business and is not exempt from gross sales.

All Tax Returns Need to be signed and have a legible preparer's name and/or contact person including telephone number. By having a contact person and telephone number, we can obtain answers for any questions we may have. If issues are clarified quickly, we can post your return. This will help you to avoid receiving a delinquency statement.

Real Property Rental: the City continues to tax income received from leasing, renting, or licensing for use, real property located within the city limits. Gross income includes payments by the lessee to, or on behalf of, the lessor for property taxes, repairs, or improvements.

Itemizing Deductions On Your Sales Tax Report: if you are taking deductions on the front page, they must be itemized on the back page. If this is not done, your Sales Tax Report will not go through system edits and will have to be posted manually. Please be aware that when you do not complete the Sales Tax Report correctly, you may get a delinquent statement.

Phone Cards: sales of phone cards **ARE TAXABLE** by the retailer.

Mailing Payments: when mailing tax payment, please use the return envelopes that are enclosed with your tax return or occupational billing. Your payment will then be delivered directly to the Cash Collections Section of the City of Tucson and will be posted to your account the same day. If you do not wish to use the return envelope, then send your payments to:

City of Tucson
Collections Section
P.O. Box 27320
Tucson, AZ 85726-7320

TAXPAYERS FILING QUARTERLY OR ANNUAL RETURNS

It is the taxpayer's responsibility to notify the tax collector and increase his/her reporting frequency (to quarterly or monthly as applicable) when his/her taxable income or tax due exceeds the maximum limits for his/her current reporting frequency as defined in the Tucson Code. Failure to do so may be deemed negligence or evasion, and penalties may apply. Failure to file returns timely, without good cause shown to the satisfaction of the tax collector, is sufficient cause for the tax collector to deny future filings by the taxpayer on a quarterly or annual basis. (Sec. 19-530) The tax code is available on the Internet at: www.ci.tucson.az.us

REQUIREMENT FOR AN OCCUPATIONAL LICENSE

The City of Tucson imposes two types of business taxes. The privilege (sales) tax is levied on the gross income of every person selling or leasing tangible personal property and leasing real property within the city. The occupational license tax covers the activities of service businesses and activities not subject to privilege tax. An example is a

retailer who also has income from sales for resale, repairs, delivery charges (not by common carrier), and/or non-taxable services but does not collect sales tax on these activities and reports them as deductions on his return. This business needs an Occupational License to cover these deductions.

LICENSE CHANGES

To make a change to your business license:

Business Name Change
Business Location Change
Ownership Change

You need to fill out a new application. Requests for applications can be done by mail or telephone or download the application from our internet site at: <http://www.ci.tucson.az.us/finance/Buinfo.html>.

You can call us for mailing address changes.

To cancel your license. You must send us written notification along with your license. Tell us the reason that you need to cancel your license, the actual date of cancellation, your license number(s), and business name and owner's signature. If you are moving outside city limits, you need to state that you no longer come into the City of Tucson to do business. Send it to the following address: City of Tucson
Revenue/License
PO Box 27210
Tucson, AZ 85726

BLANK LICENSE APPLICATIONS AND TAX RETURNS

We have blank license application forms and tax returns on our Internet site located at: <http://www.ci.tucson.az.us/finance/Buinfo.html>. All of these forms include instructions for completing them.

For assistance or clarification of the above items call a Customer Service Representative in the License Section at (520) 791-4566. Our License Counter is on the first floor of City Hall and is open 8 a.m. to 5 p.m. Monday through Friday.

Season's Greetings